Q2 2026

KBC INSIGHTS | INDUSTRIAL MARKET UPDATE

Atlanta

ECONOMY

- Atlanta is the Southeast's main logistics hub and the 5th largest industrial market in the U.S. by volume, anchored by a metro population approaching 6.5 million residents.
- The Port of Savannah continues to perform well in 2026 with a diversified cargo mix to combat trade headwinds and provides a major driver for industrial demand in Atlanta. The port continues to perform well in 2026 with a diversified cargo mix to combat trade headwinds. Total twenty-foot equivalent units (TEUs) volume is down 3.9% year-over-year (YOY) when comparing the first five months of 2026 and 2025, as last year, companies front-loaded TEUs prior to tariff increases. Despite that front-loading, import TEUs remained steady YOY, down just 0.5%.
- Metro Atlanta stands as the third largest domestic data center market, providing another driver for industrial demand. AI-related activity has spurred warehouse demand locally and at a national level. Atlanta has directly benefited from hyperscale tenants such as Google and QTS taking down large blocks of vacant warehouse space.
- At the national level we are watching for their potential impact on the economy and demand environment for logistics space include domestic manufacturing investment, real wage growth, retail sales, trade policy, financial market conditions, and geopolitics.

VACANCY

- Atlanta's Q2 2026 vacancy rate saw a 20-basis point increase quarter-over-quarter (QOQ), rising to 7.8% but remaining below Atlanta's long-term average vacancy of 8.0%, as new deliveries outpace occupancy gains.
- Atlanta's vacancy rate reached a cyclical peak of 9.0% in Q2 2025 and has dropped significantly since that inflection point where supply and demand trends flipped. In the three quarters since Q2 2025, Atlanta has experienced 13.7 million square feet (M SF) of net absorption and only 4.5M SF of construction completions, driving the 140-basis point drop.
- Bulk leasing activity in 2025 resulted in the sharp downtick in Atlanta's vacancy rate in Q1 2026. Despite a small jump here in Q2 due to timing of tenant relocations, we expect vacancy to continue trending down throughout the rest of the year and remain below the market's long-term average as multiple big box tenant requirements remain unfulfilled.
- The "Flight to Quality" trend continues to bifurcate submarket performance. Infill, high-density submarkets such as Central Atlanta and Chattahoochee continue to see tight market conditions in Class B and C space, while outlying pockets continue to see stagnant and even negative rent growth for these older spaces.

TRENDS: LOGISTICS PROPERTIES

	Q2 2025	Q2 2026	Chg YOY
Vacancy	9.0%	7.8%	▼
Net Asking Rents Non-Bulk (<400k SF)	$9.13	$9.22	▲
Net Asking Rents Bulk (>400k SF)	$6.31	$6.78	▲
Net Absorption, SF	-1.3M	-234K	▲
Under Construction, SF	7.2M	15.0M	▲
New Deliveries, SF	5.6M	3.1M	▼

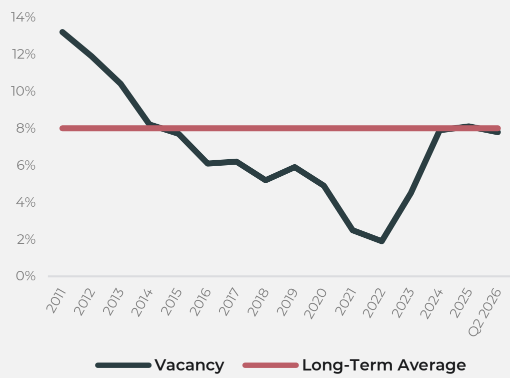
ECONOMIC INDICATORS

	June 25	June 26	Delta	
National Warehousing Employment (thousands)	1,871.9	1,850.6	-1.2%	▼

	2025	2026	Delta	
Atlanta Population	6.41M	6.48M	1.1%	▲

Increases / Decreases YOY

VACANCY VS. LONG-TERM AVERAGE



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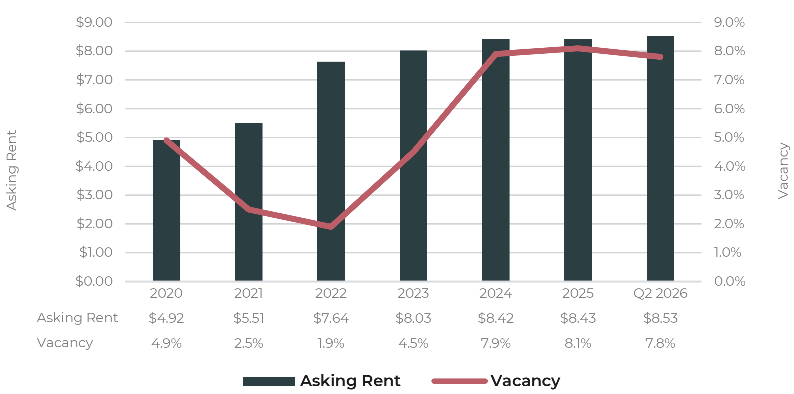
RENT

- » Overall NNN asking rents in the metro grew 1.9% QOQ to $8.53, Atlanta's highest mark since Q3 2024, reflecting tightening market conditions particularly for bulk new construction spaces.
- » Atlanta's industrial market has tightened significantly since Q2 2025, falling 120 basis points from 9.0% at the cyclical peak to 7.8% this quarter. Rent for small-bay facilities rose significantly in 2025, while rent for bulk spaces declined due to cyclical highs in vacancy and slow leasing momentum in the first half of the year.
- » Bulk developers are getting back to work, with multiple 1M SF and larger buildings breaking ground over the past two quarters. Until these new projects deliver, bulk vacancy will remain comparatively tight relative to the past few years in which bulk vacancy exceeded 10%.
- » Developable land suitable for big box warehouse development will continue to become scarcer and more expensive as industrial developers return and data center developers continue to expand in the metro, requiring higher industrial rents in underwriting.
- » In the second half of 2026, we expect asking rents to rise through the rest of the year following a promising uptick this quarter as tightening market conditions drive competition amongst tenants.

NET ABSORPTION

- » Q2 marks a slight downtick in absorption momentum, following a remarkably strong first quarter. While negative absorption is typically an indicator of poor momentum, the year-to-date (YTD) numbers and past 12 months of leasing activity show this downtick is a function of timing.
- » Multiple big box tenants, who are in the process of relocating or have already shifted operations to higher quality spaces, vacated at a much higher rate in Q2 compared to Q1 and historical averages.

VACANCY & ASKING RENT



	2020	2021	2022	2023	2024	2025	Q2 2026
Asking Rent	$4.92	$5.51	$7.64	$8.03	$8.42	$8.43	$8.53
Vacancy	4.9%	2.5%	1.9%	4.5%	7.9%	8.1%	7.8%

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NET ABSORPTION CONT'D

- We expect net absorption to push higher going forward and see less quarter-to-quarter volatility due to timing as we have in H1 2026.
- The I-75 South submarket experienced the strongest positive net absorption of Q2 2026 with just under 1M SF. While it remains the highest-vacancy submarket for Class A product, we expect this positive performance to continue throughout the rest of the year as budget-conscious tenants evaluate this submarket against cheaper.
- Atlanta enters the second half of 2026 with strong market dynamics – in the four quarters since H1 2025, Atlanta has averaged 3.6M SF in net absorption, compared to the 1.1M SF average for the previous four quarter period. We expect more leasing activity, driving vacancy downwards and further incentivizing developer groundbreakings with more bulk tenant requirements now than available bulk spaces in the market.

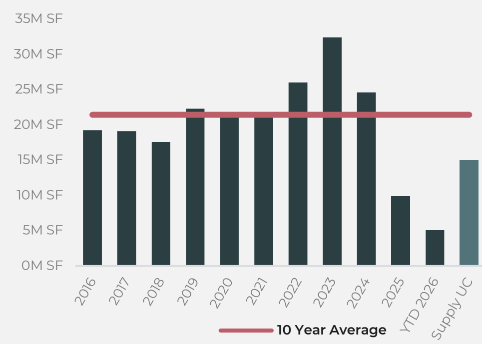
CONSTRUCTION

- Atlanta's development pipeline held steady right at 15.0M SF, a slight downtick from last quarter as construction starts nearly matched construction completions. At the same time, the YOY numbers show a more than 100% increase from the 7.2M SF seen in Q2 2025.
- Strong absorption and leasing activity are driving construction starts. With big box requirements continuing to exceed the amount of available bulk warehouse space in the market, proposed projects are expected to break ground and continue the pipeline's expansion since the cyclical low at this time last year.

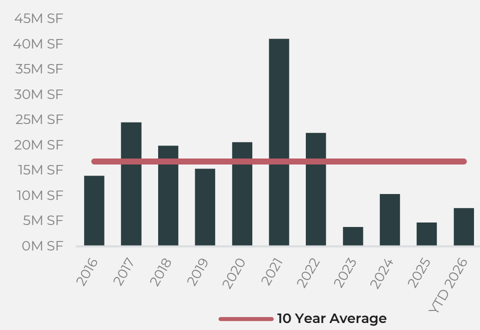
CAPITAL MARKETS

- Investment activity in metro Atlanta has accelerated through the first half of 2026, with institutional and private capital groups alike responding to improving fundamentals and growing conviction around rent growth. Core and Core+ buyers are prioritizing assets with long WALTs, investment-grade tenancy, and proven logistics corridors.
- The improving rent trajectory — up 2.4% YOY — and the compression of vacancy from the cyclical peak are providing underwriting confidence for value-add investors targeting mark-to-market opportunities. Assets with near-term lease expirations in tight submarkets are generating strong interest as buyers underwrite rents above in-place rates.
- Construction financing has become incrementally more available as lenders gain comfort with Atlanta's recovery trajectory. Speculative development, however, continues to require disciplined underwriting given the combination of elevated land costs, construction material pricing, and a rate environment that remains higher for longer than originally anticipated. Well-located, pre-leased projects continue to find favorable execution.

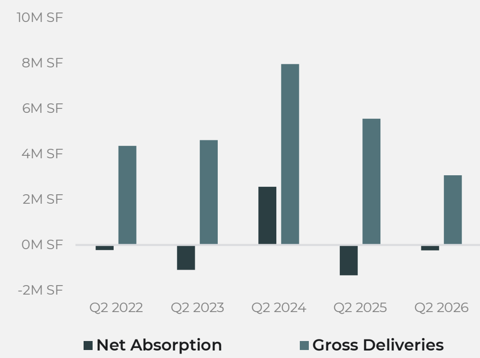
NEW SUPPLY



NET ABSORPTION



SUPPLY & DEMAND



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MARKET SUMMARY Q2 2026

Submarket Cluster	Total Inventory	Vacancy Rate	Availability Rate	Q2 2026 Total Net Absorption	2026 YTD Total Net Absorption	Q2 2026 New Leasing Activity	Under Construction	Q2 2026 Construction Completions	Overall Asking Net Rent
Airport	128,749,023	9.4%	16.0%	155,478	1,948,734	2,915,025	1,763,502	251,270	$7.94
Central Atlanta	8,727,390	9.8%	14.2%	(251,650)	(138,189)	31,700	351,230	-	$12.54
I-20 West / Douglasville	59,068,281	7.1%	11.3%	638,252	1,637,237	1,165,077	1,567,988	113,865	$8.98
I-20 West / Fulton District	50,899,886	7.0%	11.1%	(710,472)	(597,138)	299,668	85,000	-	$6.96
Chattahoochee	13,600,628	4.5%	6.3%	(21,062)	(52,861)	144,639	-	-	$11.52
I-20 East / Snapfinger	42,710,507	7.1%	10.4%	(38,732)	169,180	548,635	490,830	-	$7.61
North Central Atlanta	22,463,467	7.3%	11.2%	68,753	164,321	274,659	1,206,062	365,631	$13.01
I-85 North	217,766,122	7.2%	11.8%	(1,166,485)	1,114,921	5,250,510	4,415,877	391,290	$8.62
I-75 North	104,655,992	8.4%	11.4%	384,263	857,781	2,526,308	238,417	485,955	$8.76
I-85 South	36,944,467	8.0%	11.5%	36,037	1,047,693	72,662	2,454,399	500,000	$8.85
I-75 South	75,086,868	10.3%	23.2%	814,888	1,895,065	2,283,919	2,406,655	956,654	$7.12
Stone Mountain	24,764,788	7.6%	9.6%	(143,334)	(453,051)	280,036	-	-	$10.12
Atlanta Total	**785,437,419**	**7.8%**	**13.2%**	**(234,064)**	**7,593,693**	**15,792,838**	**14,979,960**	**3,064,665**	**$8.53**

Statistics reflect logistics buildings of all sizes. Data centers and manufacturing facilities are excluded from statistics.

SIGNIFICANT LEASE TRANSACTIONS Q2 2026

Property Address	Submarket	Tenant	Square Feet	Lease Type
1305 Highway 42 South	I-75 South	Confidential	1,219,826	New Lease
International Commerce Center - 7634 Highway 140	I-75 North	PACTRA	691,667	New Lease
2065 Anvil Block Road	Airport	GOFO Inc.	571,517	New Lease
1525 Oakley Industrial Boulevard	Airport	GXO	556,800	New Lease
Jackson 85 Business Park – Building 1	I-85 North	Parts Town	538,450	New Lease
981 Old Grassdale Rd NE	I-75 North	MEI Industrial Solutions	526,400	New Lease

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SIGNIFICANT SALES TRANSACTIONS Q2 2026

Property Name	Submarket	Buyer	Square Feet (Total)	Transaction Date
6705 Oakley Industrial Boulevard	Airport	The Orden Company	560,625	June 2026
Horizon Pointe	I-85 North	Marq Logistics	1,387,134	June 2026
7600 Wood Road	20W / Douglasville	WPT Capital	500,400	June 2026
Cartersville Logistics Park – Building 100	I-75 North	CenterPoint	250,874	May 2026

For more information, please reach out to Hassan Mahmood or Bill Robertson

TOP PROJECTS UNDER CONSTRUCTION Q2 2026

Property Name	Submarket	Developer	Square Feet (Total)	Completion Date
PNK Griffin – Building 2	I-75 South	PNK	1,028,831	Q4 2026
River Park – Building 11A	I-75 South	Pacific Group	1,005,074	Q3 2026
Rockmart Logistics Center	20W / Douglasville	Crow Holdings	424,305	Q1 2027
Prologis Intown Station – Building B	Central Atlanta	Prologis	351,230	Q3 2026
Buford Creek Business Center – Building 300	I-85 North	Trammell Crow	349,440	Q3 2026

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